

MEDIA ADVISORY

Office of Attorney General Terry Goddard



STATE OF ARIZONA
DEPARTMENT OF LAW
1275 W. Washington Street
Phoenix, Arizona 85007-2926

CONTACT:
Dianna Jennings
PRESS OFFICE
Phone: (602)-542-8019

FOR IMMEDIATE RELEASE

Attorney General Goddard Confirms \$38 Million Payment to Arizona

Arizona Attorney General Terry Goddard announced today that Arizona will receive a \$38 million payment from Phillip Morris as part of the master tobacco suit settlement reached in 1998. "This is great news for Arizonans, especially when our legislature and governor are trying to balance the state's budget." The payment, which is due tomorrow, was put in jeopardy after smokers in Illinois successfully sued Phillip Morris for \$10 billion.

Phillip Morris had threatened to declare bankruptcy and withhold its annual Master Settlement Agreement payment after a jury in Illinois awarded \$10 billion to smokers who claimed they were deceived by the company's sales practices. In order to appeal the decision, Phillip Morris would have been required to post a \$12 billion bond. Phillip Morris threatened to declare bankruptcy, and miss its annual settlement agreement payment to Arizona, if it had to post such a bond or pay such an award.

Today, the trial judge in the Illinois case agreed to a modified bond payment. Attorney General Goddard, as well as Attorneys General from across the country, had filed amicus briefs asking the court to modify the bond requirement so that Arizona and other states would receive their annual payments from Phillip Morris. "The judge's decision balances the needs of the plaintiffs in the Illinois case with the interests of states such as Arizona to enforce the agreement tobacco manufacturers entered in 1998," General Goddard said.